

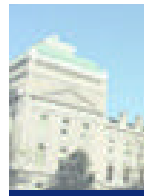


Senator David Ford

200 W. Washington St.
Indianapolis, IN 46204

News from the Indiana State Senate

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I am honored to serve
the citizens of Senate District
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Senator David Ford

News from the Indiana State Senate

State Improves HoosierRx Program

America leads the world in pushing the bounds of science to bring new prescription drugs to the market, resulting in lives saved and an increased quality of life. There are high costs involved in bringing these drugs to the open market. Part of that price tag is passed on to the consumer, which causes patients who do not have drug coverage to suffer financially. As a relief to those patients, some new programs have been established to help with the costs of prescription drugs.

The U.S. government has launched a new drug discount card that will provide immediate financial relief to seniors. This program, which took effect on June 1, allows recipients to choose a discount card program that best suits their needs. Medicare will be providing reliable and accessible information. Anyone who is enrolled in Medicare Part A or Part B and not receiving Medicare benefits is eligible for the discount drug card program. For more infor-

mation or to become enrolled, you may call 1-800-MEDICARE (1-800-633-4227) or visit the Medicare website at www.medicare.gov.

HoosierRx is a state program that helps to shift the cost of prescription drugs away from low-income seniors. HoosierRx was enacted four years ago by the General Assembly and allows seniors who qualify to receive a 75 percent discount on the cost of medications. This program will be coordinated with the Medicare discount drug card to maximize savings. Low-income seniors can sign up for the HoosierRx Drug Card by calling 1-866-267-4679 or by visiting www.in.gov/HoosierRx. Local pharmacies will also have applications.

For more information
www.in.gov/HoosierRx
or call 1-866-267-4679

Commission Studies Methods to Replace Property Taxes

The Property Tax Replacement Study Commission has met several times at the Statehouse. The property tax situation in Indiana is a frustration shared by many as the newly-formed committee, consisting of legislators, farmers, businessmen, and homeowners, develops methods to reduce local government's reliance on property taxes.

The reassessment process is complete in 90 counties. Agencies and organizations are collecting data that will aid the committee and the legislature in figuring ways to replace over \$5.5 billion in property taxes collected each year. This will also provide oversight for more than 9,000 levies and 172 different types of funds for local government programs and services.

This monumental task is being conducted

due to a law passed during the 2004 legislative session. The commission must study the effects of eliminating 50 percent, 75 percent and 100 percent of net property tax levies.

One major hurdle for the commission is to identify revenue sources capable of replacing property taxes and providing sufficient revenue to maintain essential government services. The commission will submit status reports to the Legislative Council, which is the administrative body of the General Assembly, in September.

The goal is to lessen local governments' dependence on property taxes and create a more equitable and fair method of funding local government. As the commission continues its work this year, I'll keep you informed of the progress or you can contact my office for further information.

Indiana Farms

..... Are They In Jeopardy?

Indiana loses approximately 100,000 acres of farmland a year to the growth and development of subdivided neighborhoods. Hamilton and Johnson Counties have seen the most urban growth in recent years and because of that, family farms are being forced to sell out to developers.

According to the Indiana Agricultural Statistics Services at Purdue University, the majority of farm loss occurred in mid-size farms and operations, which annually generate between \$10,000 and \$100,000 per farm. Smaller and larger farms are either growing or have been profitable enough to continue their operations.

This same research has found that commercial farms are consistently large enough to produce a positive return and those who own smaller farms are not living solely off of the crop revenue.

We in the legislature have tried to step in and help prevent Indiana from losing more farms. In

the 2004 legislative session, Senator Bob Jackman and I co-authored a measure that would encourage the preservation of farmland. Senate Bill 362 would have allowed the Indiana Land Resource Council to work with local area planning departments to offer farmers and land owners compensation for voluntarily selling easements to restrict the land from developments.

I believed then, and still believe, that SB 362 will be of great significance to our farmers and farmland. SB 362 passed the Senate but did not pass the House of Representatives because of time constraints, but look for a similar bill during the 2005 legislative session.

Farmland has been and will continue to be the foundation for Indiana's largest industry. We must work together to save this precious land and Indiana's heritage.



In An Information Emergency? Dial 2-1-1!

We are living in an age where information is as close as a click of a mouse button. In the past few years, there has been a dramatic increase in the number of agencies and help centers available to answer problems we citizens may encounter. Despite this abundance of information, it is difficult to know where to turn for specific questions. With the introduction of a new and free telephone service, help is now a short phone call away.

2-1-1 is a new service that provides immediate access to every certified social service agency and non-profit organization in the state of Indiana. The resources that 2-1-1 offers human needs, such as food banks, shelters, and rent assistance, as well as, employment assistance such as financial and education programs. It also offers information on health insurance programs, support groups, home health care, after school programs, protective services, and volunteer opportunities.

Currently 20 counties are using 2-1-1 and legislation has been authored to establish the program throughout Indiana. House Enrolled Act 1344 requests absolutely no state money, while creating an account for future funds. 2-1-1 is generally funded with money from the United Way and their partnership with Cinergy. The Cinergy Foundation, funded by Cinergy shareholders, has pledged over \$600,000 to help fund this program over the next three years.

2-1-1 works in the same way that 9-1-1 operates for emergencies and 4-1-1 works for general information. The goal is to have this service available 24 hours per day, 7 days per week. The State will continue to work diligently with the Indiana 211 Partnership to develop this service statewide.

HEA 1344 passed the full Senate and House and was signed the governor in March. For more information, please visit the web at www.in211.org. This service is currently offered in Allen and Wells Counties. Look for it soon in Adams, Blackford and Grant Counties.



Frequently Asked Questions About Indiana State Government

Q: Why is the Indiana General Assembly called a "citizen legislature?"

A: Indiana lawmakers spend only a few months each year at the Capitol. The rest of the year, each legislator lives and works in the district he or she represents. Our part-time legislature offers substantial savings to Indiana taxpayers. The National Conference of State Legislatures ranks Indiana 45 among the 50 states with regard to the expenditures of the legislature per capita. Less than 0.5 percent of the state's General Fund budget is spent on the legislature.

Q: Where is the money generated from gaming profits, such as the Hoosier Lottery, river boats, pari-mutuel, etc., going?

A: Of the \$670 million of the state's share of gaming profits in 2003, \$294 million was dedicated to the Property Tax Replacement Fund to help subsidize homeowners' local property tax bills through payment of homestead credits. The second-largest share, \$236 million, cuts the "license plate tax," the excise tax Indiana motorists pay annually when renewing their vehicle license plates, by up to 50 percent yearly.

Q: How does the General Assembly function when it is not in session?

A: The Legislative Council is composed of 16 legislators, including the speaker of the House, president pro tempore, and floor leaders of the majority and minority parties. As Senate President Pro Tempore, I am chairman of the Council during odd-numbered years. This year, I serve as vice-chairman. The Council is designed to provide an interim coordination structure for the General Assembly. Created in 1967 by combining and expanding existing legislative service agencies, the Council assists the General Assembly through its selection of interim study committees, research, fiscal analysis, and bill drafting staff. The study committees meet throughout the year during the time the state legislature is not in session.

Q: How does a senator author a bill?

A: A senator takes an idea for a bill to the non-partisan Legislative Services Agency. The staff provides necessary legal, fiscal, and research capabilities for the General Assembly. Drafting legislation, compiling and publishing the rules and regulations of state agencies, assisting committees during the interim and session, and furnishing figures on the estimated cost of existing or proposed state services are among the tasks performed by LSA staff.

F.A.Q.



State Faces Tough Budget Decisions in 2005

Indiana Personal Income Lags the Nation

On July 12, the state closed the books for Fiscal Year 2004. According to official figures released by the State Budget Agency, the state is expected to have a "surplus" or "reserve" of just \$300 million on June 30, 2005 – the close of the current budget cycle. As shown on

Figure 1, this means the state's reserve will have declined by nearly \$2 billion since 1998.

The problem is that state spending has been exceeding state revenues for the past several years. State revenue collections actually decreased in both Fiscal Years 2001 and 2002 before showing a 0.5 percent increase in 2003. Revenue collections increased by about 2.X percent for Fiscal Year 2004, the year that just ended.

In order to avoid big spending cuts in education and health care, the state has been using the surplus and employing spending delays and other temporary solutions. These measures make it possible for the state to spend nearly \$800 million more than it will collect this year. While there is nothing inherently wrong with these accounting measures – they have helped the state avoid big spending cuts in our schools – these measures are only one-time temporary fixes and cannot be sustained. So, while it may seem like Indiana's economy is

improving, the state's financial condition actually remains very weak.

A \$300 million reserve sounds like a lot of money. But with an annual \$11.2 billion General Fund Budget, including big items

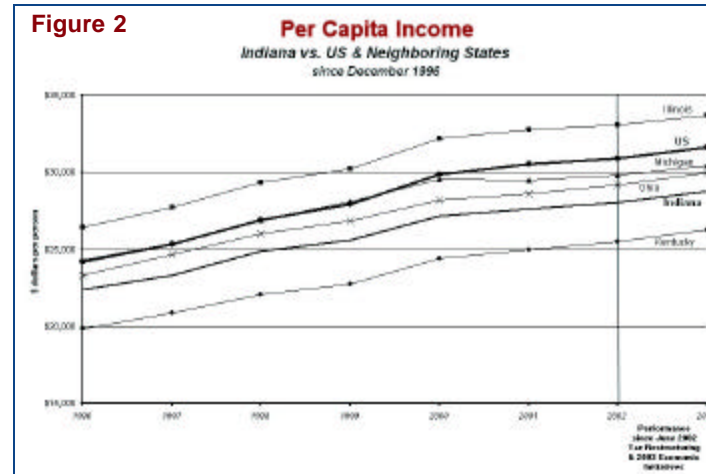
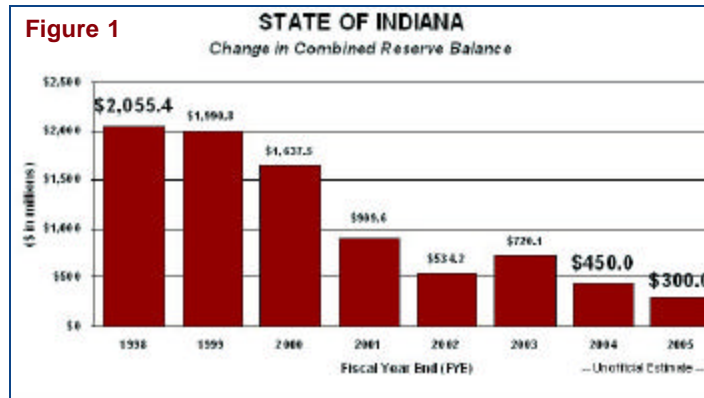
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such as \$4.3 billion for K-12 education, \$2.1 billion for local property tax relief, \$1.4 billion for universities and \$1.2 billion for Medicaid, \$300 million really is not a sufficient reserve. In fact, the State Budget spends more than \$30 million per day every day of the year. A \$300 million reserve barely funds 10 days of expenses.

The root of Indiana's budget problems is slow revenue growth. Part of the problem is job loss due to the recession. But the real problem is that Indiana lags the nation in personal income growth. As reflected in **Figure 2**, the problem has steadily grown since 1996. Today, the average Hoosier worker earns only about 91 cents for every \$1.00 earned by the average worker nationwide. Just as

Hoosier workers earn less, state tax revenues lag as well. If Indiana workers earned the same as the national average, the subsequent gain in tax revenues would erase the state's structural deficit. Indiana needs to improve its economy relative to the nation or Indiana's budget — and the ability to adequately fund priorities like education and health care — will remain a problem.



SNAPSHOT: Senator Ford, with Senator Becky Skillman, listens intently while a bill is presented during a session day. Senators work closely with one another throughout the year.

The Indiana Senate Page Program

The General Assembly offers students an important learning opportunity at the Statehouse.

Any student from 6th grade to 12th grade can sign up to serve as a page for a day. Students will be excused from school for the day.

Pages spend a day in the Senate assisting their local legislators. Responsibilities include responding to senators' requests, delivering messages and running errands. The day includes a tour of the Statehouse and observation of a session, if one is in progress.

Those interested in serving as a page should send their name, age, address, phone number and school affiliation to my office. The Page Office will begin accepting requests in November.